

## DIRECTOR'S REPORT

To Members,

### L&T Chennai Projects Private Limited

The Directors have pleasure in presenting their report and Accounts for the year ended March 31, 2013.

#### I. FINANCIAL RESULTS

Particulars	2012-13 ₹ Lakhs	2011-12 ₹ Lakhs
Income for the year	66.42	115.38
Less: Expenditure	2,455.75	2,423.19
<b>Profit Before Depreciation &amp; Tax (PBDT)</b>	<b>(2,389.33)</b>	<b>(2,307.81)</b>
Less: Depreciation & Impairment	3,631.47	419.53
Add : Exceptional Items	2,109.00	0.00
<b>Profit / (Loss) before tax (PBT)</b>	<b>(3,911.80)</b>	<b>(2,727.34)</b>
Less: Provision for tax	215.73	288.14
<b>Profit / (Loss) after tax (PAT)</b>	<b>(4,127.53)</b>	<b>(3,015.48)</b>
Balance brought forward from previous year	(5,505.90)	(2,490.42)
<b>Balance carried to Balance Sheet</b>	<b>(9,633.43)</b>	<b>(5,505.90)</b>

#### II. DIVIDEND

The Directors of the Company express their inability to recommend any dividend to be paid to the Shareholders of the Company for the year 2012-13 in view of the losses incurred.

#### III. PERFORMANCE OF THE COMPANY

Due to continuing poor market conditions, demand for IT/ITES space and higher finance costs, the net worth of your Company has eroded substantially. Accordingly the Company has decided to make provision towards the impairment in the value of assets.

#### IV. APPROPRIATION

The Directors wish to inform that there were no appropriations to any kind of specific reserves of the Company during the year.

#### V. CAPITAL EXPENDITURE

As of March 31, 2013, the gross fixed assets stood at ₹ 23,664.78 Lakhs, accumulated depreciation including impairment stood at ₹ 4,011.64 Lakhs and the net fixed assets including capital work-in-progress and pre-operative expenses stood at ₹ 22,400.00 Lakhs.

#### VI. AUDITORS' REPORT

The Auditors' Report to the Shareholders does not contain any qualifications.

#### VII. DISCLOSURE OF PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS PER THE COMPANIES' (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

- Conservation of Energy – The Company is not engaged in any manufacturing activity and hence its operations are not energy intensive. The Company takes adequate measures to conserve energy and optimize utilization.
- Technology Absorption – There was no technology absorption during the year.
- Foreign Exchange Earnings & Outgo – There were no earnings or outgo in foreign exchange during the current financial year.

#### VIII. DISCLOSURE OF PARTICULARS OF EMPLOYEES U/S 217(2A)

There are no employees covered by the provisions of the Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

#### IX. MATERIAL CHANGES, IF ANY BETWEEN DATE OF THE BALANCE SHEET AND DATE OF DIRECTORS' REPORT:

The holding company M/s L&T Urban Infrastructure Limited (UIL) has been looking out for a prospective buyer of the property for commercial utilisation. On 15th March 2013, UIL executed a Term Sheet with M/s Zoho Corporation Private Limited (Zoho) for sale of 100% equity of the Company. UIL and Zoho have signed the Share Purchase Agreement with respect to the same on 9th May 2013. The Transaction is yet to be completed pending fulfilment of certain conditions and regulatory approvals.

L&T CHENNAI PROJECTS PRIVATE LIMITED  
(Formerly L&T Arun Excello IT SEZ Private Limited)

**X. DIRECTORS RESPONSIBILITY STATEMENT**

The Board of Directors of the Company confirms:

- i. That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii. That the selected accounting policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2013 and of the Loss of the Company for the year ended on that date;
- iii. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That the annual accounts have been prepared on a going concern basis; and
- v. That proper systems are in place to ensure compliance of all laws applicable to the Company.

**XI. DIRECTORS**

Mr. Gajanan Nawathey resigned from the Board on June 30, 2012 pursuant to his superannuation from Larsen & Toubro Limited.

Mr. B. Ramakrishnan was appointed as an Additional Director with effect from October 1, 2012 and holds office upto the date of the ensuing AGM. Resolutions proposing his appointment will be placed before the shareholders for approval.

Mr. Dumpala Basava Raju resigned from the Board on October 1, 2012.

The Board of Directors places on record it's appreciation for the contributions made by Mr. Dumpala Basava Raju and Mr. Gajanan Nawathey during their tenure as Directors of the Company.

The current Board of Directors comprises of Mr. U. C. Rath and Mr. B. Ramakrishnan.

**XII. AUDITORS**

The Auditors, M/S Sharp & Tannan, Chartered Accountants, being statutory auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment as Statutory Auditors at the Forthcoming Annual General Meeting to hold office until the conclusion of the next Annual General Meeting of the Company.

Certificate from Auditors has been received to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act.

**XIII. SUBSIDIARY COMPANIES**

The Company does not have any subsidiary company under it's purview.

**XIV. AUDIT COMMITTEE**

Pursuant to the provisions of the Companies Act, 1956 and the needs of the Company, the Board of Directors has dissolved the Audit Committee with effect from March 8, 2013 until further re-consideration.

**XV. COMPLIANCE WITH VOLUNTARY CORPORATE GOVERNANCE GUIDELINES, 2009**

The Company has familiarized itself with the requirement of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs and it is in the process of implementing many of the suggestions. Our compliance with the said guidelines is given below –

**A) Separation of offices of Chairman & Chief Executive**

The Chairman is elected during each Board Meeting by the Directors from amongst those present. All the Directors are Non-Executive and the role of Chairman is confined to the proper conduct of the Board Meeting. The Manager of the Company, as per the Companies Act, 1956, handles the responsibilities envisaged for a Chief Executive and the occupant of the position is not a Board member. The separation of offices of Chairman and Manager is thus ensured.

**B) Remuneration of Directors**

The Directors are not paid any remuneration by way of sitting fees, etc.

**C) Independent Directors**

All the members of the Board of the Company are independent in the sense that none of them are involved in the day-to-day management of the Company. Directors are updated about their role, responsibilities and liabilities.

**D) Number of Companies in which an individual may become a Director**

The Company has appraised its board members about the restriction on number of other directorships and the same is being complied with.

**E) Responsibilities of the Board**

The Directors are regularly updated about their role, responsibilities and liabilities. They get an opportunity to interact with senior managers and other functional heads during presentations to the Board in areas such as financial results, budgets, business prospects, etc.

The Company ensures necessary training to the Directors relating to its business through formal/ informal interactions. Systems, procedures and resources are available to ensure that every Director is supplied, in a timely manner, with precise and concise information in a form

**L&T CHENNAI PROJECTS PRIVATE LIMITED**  
(Formerly L&T Arun Excello IT SEZ Private Limited)

and of a quality appropriate to effectively enable/ discharge his duties. The Directors are given time to study the data and contribute effectively in Board discussions. The overall effectiveness of the Board and Committees is improved on account of the suggestions of the Non-Executive Directors. Their inputs are also utilized to determine the critical skills required for prospective candidates for election to the Board. The system of risk assessment and compliance with statutory requirements are in place.

**F) Statutory Auditors**

The Company has obtained a certificate from the auditors certifying its independence and arm's length relationship with the Company. The Company does not advocate rotation of Auditors as envisaged in these guidelines in view of the domain knowledge acquired by the Auditors over a period of time. However, the signing partners will be rotated at regular frequency.

**G) Internal Auditors**

M/s Govind & Bala Associates, Chartered Accountant is appointed as Internal Auditor of the Company.

**H) Internal Control**

The Board ensures the effectiveness of the Company's system of internal controls including financial, operational and compliance controls and risk management systems.

**I) Secretarial Audit**

The Secretarial Audit, at regular intervals, is conducted by the Corporate Secretarial department of Larsen & Toubro Limited, which has competent professionals to carry out the said audit.

**J) Related Party Transactions**

The Board hereby states that the details of all the related party transactions form part of accounts as required by AS-18 and the same are given in the Schedules & Notes to Accounts.

**XVI ACKNOWLEDGEMENTS**

The Directors acknowledge the invaluable support extended to the company by the bankers, employees of the Company and staff and management of the parent company.

**U. C. RATH**  
*Director*

**B. RAMAKRISHNAN**  
*Director*

*Place: Mumbai / Chennai*  
*Date: May 20, 2013*

## **INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF L&T CHENNAI PROJECTS PRIVATE LIMITED (Formerly L&T Arun Excello IT SEZ Private Limited)**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **L&T CHENNAI PROJECTS PRIVATE LIMITED** ("the Company"), which comprises the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2013;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Emphasis of Matter**

We draw attention to the following Notes forming part of accounts on preparation of the financial statements:

- (a) Note O (1) for preparation of accounts on going concern basis.
- (b) Note O (11) C for write-off of loan of ₹ 16,967,142
- (c) Note O (11) D for write back of inter-corporate deposit of ₹ 210,900,000 and interest thereon of ₹ 50,279,092

Our opinion is not qualified in respect of the above matters.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

**SHARP & TANNAN**  
Chartered Accountants  
(Firm's Registration No. 003792S)

Place: Chennai  
Date: May 21, 2013

**V. R. LALITHA**  
Partner  
Membership No.18284

## **ANNEXURE TO THE AUDITORS' REPORT**

With reference to the Annexure referred to in paragraph 1 of our report to the members of L&T Chennai projects Private Limited on the accounts for the year ended March 31, 2013 we report that:

- (i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.  
(b) The Company has physically verified all its fixed assets during the year and no material discrepancies were noticed on such verification.  
(c) The company has not disposed off any substantial part of its fixed assets during the year so as to affect its going concern status.
- (ii) As the Company is engaged in the business of development of commercial complex, reporting under clause 4 (ii) (a), (b), and (c) of the Order, in relation to physical verification of inventories does not arise.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act 1956. Accordingly, paragraph 4(iii) (b), (c), and (d) of the order are not applicable.  
(b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act 1956. Accordingly, paragraph 4(iii) (e), (f), and (g) of the order are not applicable.
- (iv) In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business, for the purchase of fixed assets and sale of services. Further, on the basis of examination of books and records of the Company and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 and hence reporting under this clause does not arise.
- (vi) The Company has not accepted any deposit from the public with in the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under. Hence reporting under clause 4(vi) of the Order does not arise.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act 1956 for the operations of the Company and hence reporting under clause 4 (viii) of the Order does not arise.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Income tax, service tax and other material statutory dues as applicable with the appropriate authorities during the year. According to the information and explanations given to us there were no undisputed amounts payable in respect of income tax, service tax, and other statutory dues outstanding as at 31st March 2013 for a period of more than six months from the date they became payable.  
(b) According to the information and explanations given to us, there are no dues in respect of income tax, custom duty, wealth tax, service tax, cess which has not been deposited with the appropriate authorities on account of any disputes.
- (x) The Company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth. The Company has incurred cash losses during the year and in the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and the information and explanations given to us the Company has not defaulted in repayment of dues to any bank or debenture holders or any financial institution.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society therefore the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / society are not applicable to the Company and hence reporting under clause 4 (xiii), (a), (b), (c) & (d) of the Order does not arise.
- (xiv) According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to the information and explanation given to us, the term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis by the Company have been used for long term purpose.
- (xviii) The Company has not made preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year under audit and hence reporting under clause 4 (xviii) of the Order does not arise.
- (xix) The Company has not issued debentures during the year and hence no security or charge needs to be created. Hence reporting under clause 4(xix) of the Order does not arise.
- (xx) The Company has not raised any money by public issue during the year. Accordingly reporting under clause 4(xx) of the Order does not arise.
- (xxi) During the course of our examination of the books and the records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

**SHARP & TANNAN**  
Chartered Accountants  
(Firm's Registration No. 003792S)

**V. R. LALITHA**  
Partner  
Membership No.18284

Place: Chennai  
Date: May 21, 2013

## BALANCE SHEET AS AT MARCH 31, 2013

	Note No.	As at 31.03.2013		As at 31.03.2012	
		₹	₹	₹	₹
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' funds</b>					
Share capital	A	183,673,470		183,673,470	
Reserves and surplus	B	(126,777,505)		285,975,331	
			56,895,965		469,648,801
<b>Non-current liabilities</b>					
Long-term borrowings	C	285,663,600		-	
Deferred tax liabilities (Net)	O(14)	92,991,392		71,418,242	
			378,654,992		71,418,242
<b>Current liabilities</b>					
Short-term borrowings	D(I)	1,598,761,526		2,015,525,127	
Trade payables	D(II)	31,138,245		37,452,060	
Other current liabilities	D(III)	180,811,436		16,189,078	
			1,810,711,207		2,069,166,265
<b>TOTAL</b>			<b>2,246,262,164</b>		<b>2,610,233,308</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Fixed assets					
Tangible assets	E(I)	1,965,314,090		2,232,098,583	
Capital work-in-progress	E(II)	274,685,910		354,084,154	
			2,240,000,000		2,586,182,737
<b>Current assets</b>					
Trade receivables	F(I)	51,872		614,168	
Cash and cash equivalents	F(II)	1,659,502		2,137,409	
Short-term loans and advances	F(III)	4,550,790		21,298,994	
			6,262,164		24,050,571
<b>TOTAL</b>			<b>2,246,262,164</b>		<b>2,610,233,308</b>
<b>Contingent liabilities and commitments</b>	G				
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	N				
<b>OTHER NOTES FORMING PART OF ACCOUNTS</b>	O				

As per our report attached

For and on behalf of the Board

**For SHARP & TANNAN**  
Chartered Accountants  
(Firm's Registration No. 003792S)

**V. R. LALITHA**  
Partner  
Membership No.: 18284

**S. N. PATIL**  
Manager

**U. C. RATH**  
Director

**B. RAMAKRISHNAN**  
Director

Place : Chennai  
Date : May 21, 2013

Place : Mumbai / Chennai  
Date : May 20, 2013

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013**

	Note	2012-13 ₹	2011-12 ₹
<b>REVENUE</b>			
Revenue from operations	H	6,639,659	11,263,253
Other income	I	2,400	274,957
<b>Total revenue</b>		<b>6,642,059</b>	<b>11,538,210</b>
<b>EXPENSES</b>			
Operating and maintenance expenses	J	15,379,434	12,815,723
Employee benefit expenses	K	–	804,680
Administration and other expenses	L	34,750,204	22,592,325
Finance costs	M	195,444,973	206,106,590
Depreciation and impairment expense	E(I) & E (II)	363,147,134	41,953,321
<b>Total expenses</b>		<b>608,721,745</b>	<b>284,272,639</b>
<b>Profit/ (loss) before exceptional items and tax</b>		<b>(602,079,686)</b>	<b>(272,734,429)</b>
Exceptional items	O(6)	210,900,000	–
<b>Profit/ (loss) before tax</b>		<b>(391,179,686)</b>	<b>(272,734,429)</b>
Tax expense:			
Current tax		–	–
Deferred tax		21,573,150	28,813,769
<b>Profit/ (loss) after tax</b>		<b>(412,752,836)</b>	<b>(301,548,198)</b>
Earnings per share - Basic and Diluted	O(13)	(22.47)	(16.42)
Nominal value per equity share		10.00	10.00
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	N		
<b>OTHER NOTES FORMING PART OF ACCOUNTS</b>	O		

As per our report attached

For and on behalf of the Board

**For SHARP & TANNAN**  
Chartered Accountants  
(Firm's Registration No. 003792S)

**V. R. LALITHA**  
Partner  
Membership No.: 18284

**S. N. PATIL**  
Manager

**U. C. RATH**  
Director

**B. RAMAKRISHNAN**  
Director

Place : Chennai  
Date : May 21, 2013

Place : Mumbai / Chennai  
Date : May 20, 2013

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	2012-13 ₹	2011-12 ₹
<b>A Cash Flow from operating activities</b>		
Profit before tax (excluding extraordinary and exceptional items)	(602,079,686)	(272,734,429)
Adjustments for :		
Depreciation and impairment	363,147,134	41,953,321
Finance costs	195,444,973	206,106,590
Interest received	(2,400)	(56,332)
Loss on sale of fixed assets (net)	-	11,170,989
<b>Operating profit before working capital changes</b>	<b>(43,489,979)</b>	<b>(13,559,861)</b>
<b>Adjustments For :</b>		
(Increase) / decrease in trade receivables	562,296	383,023
(Increase) / decrease in loans and advances	17,062,684	634,606
Increase / (decrease) in current liabilities and provisions	(12,564,024)	1,328,167
<b>Cash generated from operations</b>	<b>(38,429,023)</b>	<b>(11,214,065)</b>
Direct taxes paid (net of refund)	(314,480)	(13,420)
<b>Net cash from operating activities</b>	<b>(38,743,503)</b>	<b>(11,227,485)</b>
<b>B Cash flow from Investing activities :</b>		
Purchase of fixed assets (including CWIP)	(16,964,397)	(2,348,120)
Sale of fixed assets (including CWIP)	-	9,744,773
Interest received	2,400	56,332
<b>Net cash (used in) / from investing activities</b>	<b>(16,961,997)</b>	<b>7,452,985</b>
<b>C Cash flow from financing activities</b>		
Proceeds from long- term borrowings	79,800,000	-
Proceeds from short-term borrowings	-	173,200,000
Repayment of short-term borrowings	-	(163,893,967)
Interest paid	(24,572,407)	(20,650,122)
<b>Net cash (used in) / from financing activities</b>	<b>55,227,593</b>	<b>(11,344,089)</b>
<b>Net (decrease)/ increase in cash and cash equivalents (A+B+C)</b>	<b>(477,907)</b>	<b>(15,118,589)</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>2,137,409</b>	<b>17,255,998</b>
<b>Cash and cash equivalents as at end of the year</b>	<b>1,659,502</b>	<b>2,137,409</b>

### NOTES

- Cash Flow statement has been prepared under the Indirect Method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements" as per Companies (Accounting Standards) Rules, 2006, as amended.
- Purchase of fixed assets includes movement of capital work in progress during the year.
- Refer Note F (II) for components of Cash and cash equivalents.
- Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached

For and on behalf of the Board

### For SHARP & TANNAN

Chartered Accountants  
(Firm's Registration No. 003792S)

**V. R. LALITHA**

Partner  
Membership No.: 18284

**S. N. PATIL**

Manager

**U. C. RATH**

Director

**B. RAMAKRISHNAN**

Director

Place : Chennai  
Date : May 21, 2013

Place : Mumbai / Chennai  
Date : May 20, 2013



## NOTES FORMING PARTS OF ACCOUNTS

### A SHARE CAPITAL

#### A(I) Details of authorised, issued, subscribed and paid-up capital

	As at 31.03.2013		As at 31.03.2012	
	Number of Shares	₹	Number of Shares	₹
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	20,000,000	200,000,000	20,000,000	200,000,000
<b>Issued</b>				
Equity Shares of ₹ 10/- each	18,367,347	183,673,470	18,367,347	183,673,470
<b>Subscribed and fully paid</b>				
Equity Shares of ₹ 10/- each	18,367,347	183,673,470	18,367,347	183,673,470

#### A(II) Reconciliation of shares

	As at 31.03.2013		As at 31.03.2012	
	Number of Shares	₹	Number of Shares	₹
Subscribed and fully paid up				
At the beginning of the year	18,367,347	183,673,470	18,367,347	183,673,470
Issued during the year as fully paid	–	–	–	–
At the end of the year	18,367,347	183,673,470	18,367,347	183,673,470

#### A(III) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company has not declared any dividend. L&T UIL has become 100% shareholder from May 7, 2012 by acquiring 49% of shares from other shareholders.

No shares have been reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.

The shares issued carry equal rights and voting power.

All the shares issued carry equal right of dividend declared by the Company and no restrictions are attached to any specific shareholder.

#### A(IV) Shares held by Holding / Ultimate holding company and / or their subsidiaries / associates:

Name of the Shareholder	Relationship	As at March	As at March
		31,2013	31,2012
		Number of Shares	Number of Shares
L&T Urban Infrastructure Limited	Holding company	18,367,347	9,367,347

#### A(V) Shareholders holding more than 5% of equity shares as at the end of the year

	As at 31.03.2013		As at 31.03.2012	
	Number of Shares	%	Number of Shares	%
L&T Urban Infrastructure Limited	18,367,347	100.00%	9,367,347	51.00%
P. Suresh *	–	–	1,710,000	9.31%
P. Karthikeyan *	–	–	1,620,000	8.82%
S. Rajaji *	–	–	1,350,000	7.35%
A. M. Sundar *	–	–	1,350,000	7.35%

\* Holding beneficial interest on behalf of Arun Excello Constructions LLP

A(VI) The Company has not issued any bonus shares or issued any shares for consideration other than cash or bought back any shares during the five years immediately preceding the date as at which the Balance Sheet is prepared.

A(VII) The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares /divestments.

**NOTES FORMING PARTS OF ACCOUNTS (Contd.)**

	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
<b>NOTE NO. B : RESERVES AND SURPLUS:</b>				
<b>Securities Premium Account</b>				
As per last Balance Sheet	625,507,355		625,507,355	
Additions / transfers during the year	—		—	
		<b>625,507,355</b>		<b>625,507,355</b>
<b>Revaluation reserve</b>				
As per last Balance Sheet	211,058,147		215,703,901	
Less: Transfer during the year	—		(4,645,754)	
		<b>211,058,147</b>		<b>211,058,147</b>
<b>Deficit in the Statement of Profit and Loss</b>				
As per last Balance Sheet	(550,590,171)		(249,041,973)	
Add: Loss for the year	(412,752,836)		(301,548,198)	
		<b>(963,343,007)</b>		<b>(550,590,171)</b>
<b>TOTAL</b>		<b>(126,777,505)</b>		<b>285,975,331</b>

**NOTE NO. C : LONG-TERM BORROWINGS**

Inter corporate borrowings - Unsecured	—		—	
Inter corporate deposit from holding company	285,663,600		—	
		<b>285,663,600</b>		<b>—</b>
<b>TOTAL</b>		<b>285,663,600</b>		<b>—</b>

Particulars	Rate of Interest	Loan Amount	Terms of Repayment
Inter corporate deposit from holding company	12% pa	285,663,600	30-Jun-15

	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
<b>NOTE NO. D(I) : SHORT-TERM BORROWINGS</b>				
<b>Inter corporate borrowings from related parties</b>				
<b>Secured:</b>				
Term loan from ultimate holding company (Note D(1) a)	1,450,000,000		1,450,000,000	
		<b>1,450,000,000</b>		<b>1,450,000,000</b>
<b>Unsecured:</b>				
Term loan from ultimate holding company (Note D(1) b)	148,761,526		148,761,527	
Inter corporate deposit from holding company	—		416,763,600	
		<b>148,761,526</b>		<b>565,525,127</b>
<b>TOTAL</b>		<b>1,598,761,526</b>		<b>2,015,525,127</b>

Particulars	Rate of Interest	Loan Amount	Terms of Repayment
Term loan from ultimate holding Company	SBI Base rate plus predetermined margin	1,598,761,526	30-Jun-13

**NOTE NO. D(I) A**

Term loan from Larsen & Toubro Limited received in March 2010 of ₹ 145,00,00,000 was secured by mortgage of project land of 27.4375 acres owned by the Company and hypothecation of movable assets.

**NOTE NO. D(I) B**

Interest on Term loan rolled over up to March 31, 2013. Charge is yet to be created.

## NOTES FORMING PARTS OF ACCOUNTS (Contd.)

	As at 31.03.2013		As at 31.03.2012	
	₹	₹	₹	₹
<b>NOTE NO. D(II) : TRADE PAYABLES:</b>				
Due to related parties				
Holding Company	-		5,851,190	
Ultimate holding Company	29,675,509		29,628,035	
Fellow subsidiary	-		134,167	
		<b>29,675,509</b>		<b>35,613,392</b>
Due to Micro and small enterprises (Refer note D (II) a)		-		-
Due to others		<b>1,462,736</b>		<b>1,838,668</b>
<b>TOTAL</b>		<b>31,138,245</b>		<b>37,452,060</b>

### NOTE NO. D(II) a

There has been no transactions with Micro and Medium Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006. Hence, reporting details of principal and interest does not arise

### NOTE NO. D(III) : OTHER CURRENT LIABILITIES:

Interest accrued and due	171,468,941	123,316
Interest accrued but not due	-	473,058
Other payables	<b>9,342,495</b>	<b>15,592,704</b>
	<b>180,811,436</b>	<b>16,189,078</b>
<b>TOTAL</b>	<b>180,811,436</b>	<b>16,189,078</b>

### NOTE NO. E(I) : TANGIBLE ASSETS

Particulars	Cost in ₹				Depreciation in ₹				Impairment in ₹		Book Value in ₹	
	As at April 1, 2012	Additions	Deletions	As at Mar 31, 2013	Upto March 31, 2012	For the year Period	Deductions	Upto Mar 31, 2013	As at Mar 31, 2013	As at Mar 31, 2013	As at Mar 31, 2012	
<b>Tangible Assets</b>												
Land	1,105,357,925	-	-	1,105,357,925	-	-	-	-	-	1,105,357,925	1,105,357,925	
<b>Building</b>												
Owned	1,042,215,087	16,964,397	-	1,059,179,484	93,205,903	23,725,412	-	116,931,315	211,285,507	730,962,662	949,009,184	
Leased	32,630,169	-	-	32,630,169	1,285,356	531,872	-	1,817,228	6,909,356	23,903,585	31,344,813	
<b>Building Total</b>	1,074,845,256	16,964,397	-	1,091,809,653	94,491,259	24,257,284	-	118,748,543	218,194,863	754,866,247	980,353,997	
Computer	718,720	-	-	718,720	594,836	103,465	-	698,301	4,579	15,840	123,884	
Office equipments	34,500	-	-	34,500	29,077	5,421	-	34,498	-	2	5,423	
Plant and equipment	162,580,692	-	-	162,580,692	20,024,538	10,318,248	-	30,342,786	29,652,436	102,585,470	142,556,154	
Furniture and fittings	5,976,571	-	-	5,976,571	2,275,371	493,260	-	2,768,631	719,334	2,488,606	3,701,200	
<b>Total</b>	<b>2,349,513,664</b>	<b>16,964,397</b>	<b>-</b>	<b>2,366,478,061</b>	<b>117,415,081</b>	<b>35,177,678</b>	<b>-</b>	<b>152,592,759</b>	<b>248,571,212</b>	<b>1,965,314,090</b>		
<i>Previous year</i>	<i>2,368,521,198</i>	<i>2,348,120</i>	<i>21,355,654</i>	<i>2,349,513,664</i>	<i>75,461,760</i>	<i>41,953,321</i>	<i>-</i>	<i>117,415,081</i>	<i>-</i>	<i>2,232,098,583</i>		

### NOTE NO. E(I)-1

Revaluation of land - Refer Note No. O(3)

Impairment - Refer Note No. O(15).

The company has revised the useful life of desktop - computers during the year. Consequently the depreciation has been revised resulting in the additional depreciation of ₹ 20,790 (Previous year ₹ Nil)

## NOTES FORMING PARTS OF ACCOUNTS (Contd.)

### NOTE NO. E(II) : CAPITAL WORK-IN-PROGRESS

	As at 31.03.2013	As at 31.03.2012
	₹	₹
Capital work-in-progress	267,141,423	267,141,423
Pre-operative expenses (Note E(II) a)	86,942,731	86,942,731
	<u>354,084,154</u>	<u>354,084,154</u>
Less: Impairment (Note O(15))	79,398,244	-
<b>TOTAL</b>	<u><u>274,685,910</u></u>	<u><u>354,084,154</u></u>

### NOTE NO. E(II) a.

#### Pre-operative expenses pending allocation to fixed assets

Employee benefit expenses	5,861,875	5,861,875
Travelling and conveyance	268,115	268,115
Printing and stationery	350,635	350,635
Professional fees	61,705,142	61,705,142
Interest on term loan and others	15,059,614	15,059,614
Business support services	3,697,350	3,697,350
<b>TOTAL</b>	<u><u>86,942,731</u></u>	<u><u>86,942,731</u></u>

### NOTE NO. F(I) : TRADE RECEIVABLES

Unsecured, considered good

Debts outstanding for a period exceeding six months  
Other debts

	18,680	3,808
	<u>33,192</u>	<u>610,360</u>
<b>TOTAL</b>	<u><u>51,872</u></u>	<u><u>614,168</u></u>

### NOTE NO. F(II) : CASH AND CASH EQUIVALENTS

Balances with bank

in current account

	1,659,502	2,137,409
<b>TOTAL</b>	<u><u>1,659,502</u></u>	<u><u>2,137,409</u></u>

### NOTE NO. F(III) : SHORT-TERM LOANS AND ADVANCES

Loans and advances to fellow subsidiary  
Others

	-	16,967,142
	<u>4,550,790</u>	<u>4,331,852</u>
<b>TOTAL</b>	<u><u>4,550,790</u></u>	<u><u>21,298,994</u></u>

### NOTE NO. G(I): COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹ 9,61,541 (Previous year ₹ 26,11,541)

### NOTE NO. G(II): CONTINGENT LIABILITIES

Claims against the Company not acknowledged as debts ₹ 4,03,63,200 (Previous year Nil)

	2012-13	2011-12
	₹	₹
<b>NOTE NO. H : REVENUE FROM OPERATIONS</b>		
Lease rent (Refer Note O(2))	2,859,110	4,866,360
Other operating income	3,780,549	6,396,893
<b>TOTAL</b>	<u><u>6,639,659</u></u>	<u><u>11,263,253</u></u>

## NOTES FORMING PARTS OF ACCOUNTS (Contd.)

	<b>2012-13</b>	<b>2011-12</b>
	₹	₹
<b>NOTE NO. I : OTHER INCOME</b>		
Interest income	2,400	56,332
Provision no longer required written back (Note No.I(i))	-	218,625
<b>TOTAL</b>	<b>2,400</b>	<b>274,957</b>
<b>NOTE NO. I (I)</b>		
Provision towards Gratuity written back in current year Nil. (Previous year ₹ 2,18,625)		
<b>NOTE NO. J : OPERATING AND MAINTENANCE EXPENSES</b>		
Repairs & maintenance	7,078,557	5,455,397
Power & fuel charges	8,286,781	7,360,326
Registration expenses	14,096	-
<b>TOTAL</b>	<b>15,379,434</b>	<b>12,815,723</b>
<b>NOTE NO. K : EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, wages & bonus	-	651,551
Contribution to provident fund	-	22,747
Leave encashment	-	74,534
Gratuity expenses	-	33,093
Staff welfare expenses	-	22,755
<b>TOTAL</b>	<b>-</b>	<b>804,680</b>
<b>NOTE NO. L : ADMINISTRATION AND OTHER EXPENSES</b>		
Rates & taxes	3,589,159	1,810,844
Insurance	511,577	741,142
Loss on sale of fixed assets	-	11,170,989
Professional fees (Note no. L (i))	1,998,173	8,119,927
Compensation paid (Note O2)	11,636,800	-
Travelling & conveyance	11,968	205,390
Marketing expenses	-	14,770
Loans and Advances - Written off	16,967,142	-
Miscellaneous expenses	35,385	529,263
<b>TOTAL</b>	<b>34,750,204</b>	<b>22,592,325</b>
<b>NOTE NO. L (I)</b>		
Professional fees includes the following		
Auditor Remuneration (excluding service tax)		
Audit fees	180,000	180,000
For taxation matters	35,000	35,000
For other services	72,300	7,000
<b>TOTAL</b>	<b>287,300</b>	<b>222,000</b>
<b>NOTE NO. M : FINANCE COST</b>		
Interest expenses	245,724,065	206,106,590
Less: Interest waived (Note No.O(6))	50,279,092	-
	<b>195,444,973</b>	<b>206,106,590</b>

## NOTES FORMING PARTS OF ACCOUNTS (Contd.)

### NOTE NO. N - SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP) and in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (accounting Standards) Rules, 2006, prescribed by the Central Government

The preparation of financial statements in conformity with GAAP requires that the management of the Company make estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as on the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, provision for doubtful debts/advances, future obligations in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates are recognised in the period in which the results are known.

#### b. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule VI (Revised) to the Companies Act, 1956 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (AS 3) "Cash Flow Statements". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule VI (Revised) to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

#### c. Revenue Recognition

##### 1) Revenue from operations

Revenue from Lease rentals is recognised when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

##### 2) Other Income

Other income is accounted as and when the right to receive arises.

#### d. Extraordinary and exceptional items

Income or expenses that arise from events or transactions that are clearly distinct from ordinary activities of the company are classified as extraordinary items. Specific disclosures of such events / transactions are made in the financial statements. Similarly, any external event beyond the control of the company, significantly impacting income or expenses, is also treated as extraordinary item or disclosed as such. On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the company is such that its disclosure improves an understanding of the performance of the company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes forming part of accounts.

#### e. Fixed assets

Fixed assets are stated at original cost net of tax / duty credits availed, if any less accumulated depreciation, accumulated amortization and cumulative impairment. Land has been stated at revalued cost. Direct expenses attributable to a particular asset is capitalised along with the other common costs of the specific asset.

Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of fixed assets or bringing the fixed assets to working condition are allocated and capitalised as a part of the cost of the fixed assets.

Pre-operative expenses incurred up to the date of commencement of commercial operation are capitalised.

Tangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "Capital Work in Progress".

#### f. Depreciation and amortisation

Depreciation on assets has been provided on straight line basis at the rates specified in the Schedule XIV of the Companies Act, 1956. In respect of the following asset categories, the depreciation is provided at higher rates in line with their estimated useful life.

Category of Asset	Depreciation Rate (% per annum)
Office Equipment	25.00%
Computers – Desktop and Laptop	25.00%
Furniture and Fixtures	10.00%
Air conditioners and refrigeration equipment's	8.33%
DG- Sets	8.33%

Cost of the Incubation centers is being amortized over three years.

Depreciation on additions / deductions is calculated pro-rata from / to the month of additions / deductions.

## **NOTES FORMING PARTS OF ACCOUNTS (Contd.)**

### **g Employee benefits**

The following are the accounting policies of the company with regard to employee benefits:

#### **i. Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences, etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

#### **ii. Post-employment benefits**

##### **a) Defined contribution plans:**

The Company's state governed provident fund scheme is the defined contribution plan. The contribution paid / payable is recognised in the period in which the employee renders the related service.

##### **b) Defined Benefit plans:**

The employees' gratuity fund scheme is the Company's defined benefit plan. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

#### **iii. Long-term employee benefits**

The obligation for long term employee benefits such as long term compensated absences is recognised in the same manner as in the case of defined benefit plans as mentioned in (ii) (b) above.

### **h. Leases**

- i. Lease rental in respect of assets acquired under operating lease are charged to Statement of Profit and Loss.
- ii. Assets leased out are stated at original cost. Rental income is recognised on accrual basis over the lease term.

### **i. Foreign currency transactions**

- i. The reporting currency of the Company is the Indian Rupee.
- ii. Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction.
- iii. Exchange difference that arise on settlement of monetary items or on reporting at each Balance Sheet date of the company's monetary items are recognized as income or expense in the period in which they arise.

### **j. Borrowing costs**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such asset, till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the year in which they are incurred.

### **k. Taxes on income**

Taxes on income for the current period are determined on the basis of taxable income and tax credits computed in accordance of the provisions of Income tax Act, 1961 and based on the expected outcome of assessments/appeals.

Deferred tax is recognized on timing difference between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

### **l. Impairment of assets**

The carrying amounts for the fixed assets are reviewed at each Balance Sheet date to ascertain whether they are recorded in excess of their recoverable amount based on value in use method. Where carrying values exceed this recoverable amount, assets are written down to their recoverable amount.

At each Balance sheet date, the carrying amount of assets is tested for impairment so as to determine

- i. the provision for impairment loss, if any required: or
- ii. the reversal, if any, required when the carrying amount of an asset or group of assets, as the case may be, exceeds the recoverable amount.

## **NOTES FORMING PARTS OF ACCOUNTS (Contd.)**

Recoverable amount is determined:

- i. In the case of individual asset, at higher of the net selling price and value in use.
- ii. In the case of cash generating asset, (a group of assets that generates identified independent cash flows), at higher of the cash generating unit's net selling price and the value in use.

Value in use is determined as the present value of the estimated future cash flow from the continuing use of an asset and from its disposal at the end of its useful life.

### **m. Provisions, contingent liabilities and contingent assets**

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the Company has a present obligation as a result of a past event.
- b) probable outflow of resources is expected to settle the obligation, and
- c) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in the case of

- a) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.
- b) a present obligation when no reliable estimate is possible; and
- c) a possible obligation, unless the probability of outflow of resources is remote.

Contingent assets are neither recognized, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

### **n. Commitments**

Commitments are future liabilities for contractual expenditure

Commitment are classified and disclosed as follows :

- a) Estimated amount of contract remaining to be executed on capital account and not provided for
- b) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of the management.

### **o. Operating cycle for current and non-current classification**

Operating cycle for the business shall be twelve months.

### **p. Cash flow statement**

Cash flow statement is prepared segregating the cash flows from operating, investing and finance activities. Cash flow from operating activities is reported using indirect method. Under direct method the net profit is adjusted for the effects of :

- i) Transaction of a non cash nature
- ii) Any deferrals or accruals of past or future operating cash receipts and payments and
- iii) Items of income or expenses associated with investing or financing cash flows.

Cash and cash equivalents ( including bank balances) are reflected in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of the Balance Sheet are also included under this category with a specific disclosure.

**O(1)** The financial statements have been prepared on going concern basis based on the financial support letter received from the holding company, L&T Urban Infrastructure Limited. The holding company has undertaken to provide such financial and other support as necessary to enable the Company to continue to carry on its operations to meet its financial obligations as and when they fall due for atleast the next twelve months.

**O(2)** The Company has entered into a Memorandum of Understanding with its tenant in October 2012 to secure vacation of premises. Company has agreed to pay a compensation of ₹ 5.20 crores out of which the Company has paid a sum of ₹ 1.16 crores and balance reported under contingent liability. Pending settlement, rent is not recognised for February and March 2013.

**O(3)** Revaluation reserve of ₹ 21,10,58,147 represents

- (i) reserve created on June 1, 2007 of ₹ 21,57,03,901 on revaluation of land, net of loss on business transferred on even date of demerger to resultant company as on May 31, 2007 and
- (ii) reversal of ₹ 46,45,754 on sale of 0.61 acres to L&T Arun Excello Realty Private Limited during the year 2011-12.

**O(4)** (i) The Company has been granted SEZ status vide gazette notification No.:F.2/282/2006-SEZ dated October 25, 2006 by the Ministry of Commerce & Industry, for development, operation and maintenance of sector specific Special Economic Zone for Electronic Hardware and Software including ITES Sector.



## NOTES FORMING PARTS OF ACCOUNTS (Contd.)

- (ii) The Company got approval for carrying out authorized operations in the non-processing zone from the Department of Commerce, SEZ Section, Ministry of Commerce & Industry, Government of India on February 27, 2009.
- O(5)** (i) The Government of India – Customs Department vide Notification 66/2008 customs dated May 10, 2008 introduced Export Duty on steel supplied to Special Economic Zones. The Notification was challenged by the company before the Madras High Court vide Writ Petition No.19564 of 2008. The Honourable High Court vide its order dated August 28, 2008 restrained the respondents, their mean and agents by an interim order of injunction from levying duties of customs being export duties on removal of goods from any place in India out side a special Economic Zone to the Special Economic Zone. Department of Revenue has since amended the Export Duty from 15% to Nil % vide its notification 115/2008-customs dated October 31, 2008.
- (ii) The Office of the Specified Officer of SEZ (IT&ITES) served show cause notices in the month of November 2008 demanding Export Duty aggregating to ₹ 2,02,37,274. The company had replied on November 26, 2008 citing the injunction order. The case is still pending in the Hon'ble High Court of Madras. The company is confident of getting a favourable decision from the High Court and hence no provision has been made.
- O(6) Exceptional items**  
Exceptional items for the year ended March 31, 2013 represents waiver of inter-corporate deposit by holding company, L&T Urban Infrastructure Limited, ₹ 21,09,00,000 (*Previous year ₹ Nil*). The related Interest of ₹ 5,02,79,092 (*Previous year Nil*) has also been waived and has been adjusted with interest expenses in Note M
- O(7) Employee benefits**
- The company did not have any employee on its rolls during the year.
  - Contribution to provident fund is made to the regional provident fund office. Contribution during the year Nil (*Previous year ₹ 22,747*)
  - No actuarial valuation has been carried out to evaluate liability in respect of gratuity and leave encashment.
- O(8)** Expenditure / earnings in foreign currency is Nil during the year (*Previous year Nil*)
- O(9)** Borrowing cost capitalised during the year Nil (*Previous year ₹ Nil*).
- O(10)** The Company is engaged only in development, operation and maintenance of sector specific Special Economic Zone for Electronic Hardware and Software including ITES Sector and hence reporting under primary segment does not arise. The Company does not have any exports hence disclosure of secondary / geographical segment information does not arise.

**O(11) Disclosure of related parties / related party transactions:**

**A. List of related parties controlling the entity:**

Holding Company	L&T Urban Infrastructure Limited
	L&T Realty Limited
	Larsen & Toubro Limited (ultimate holding company)
Fellow Subsidiaries	L&T Infrastructure Development Projects Limited
	L&T Commercial Projects Private Limited (till November 26, 2012) (formerly L&T Arun Excello Commercial Projects Private Limited)
	L&T General Insurance Company Limited
By Controlling interest of Directors	Arun Excello Urban Infrastructure Private Limited (till May 7, 2012)
Associate Company	L&T Arun Excello Realty Private Limited (till May 4, 2012)

**B. Transaction with related parties:**

Nature of Transaction	Amount of Transaction	Amount Due to	₹
			Amount Due from
<b>L&amp;T Urban Infrastructure Limited (holding company)</b>			
i) Services received (including service tax)	Nil (6,185,624)	Nil (5,567,061)	
ii) Business Support Services paid	Nil (315,699)	Nil (284,129)	
iii) ICD received from	<b>79,800,000</b> (209,263,600)	<b>285,663,600</b> (416,763,600)	
iv) ICD waived	<b>210,900,000</b> (Nil)	Nil (Nil)	

**NOTES FORMING PARTS OF ACCOUNTS (Contd.)**

₹

Nature of Transaction	Amount of Transaction	Amount Due to	Amount Due from
v) Interest expenses	<b>55,865,658</b> (40,246,538)	<b>123,316</b> (123,316)	
vi) Interest waived	<b>50,279,092</b> (Nil)	<b>Nil</b> (Nil)	
<b>L&amp;T Realty Limited (holding company)</b>			
i) Reimbursement of expenses paid	<b>1,518</b> (Nil)	<b>Nil</b> (Nil)	
<b>Larsen &amp; Toubro Limited (ultimate holding company)</b>			
i) Construction of Building	<b>Nil</b> (4,724,999)	<b>6,159,500</b> (6,159,500)	
ii) Design and Consultancy Cost	<b>Nil</b> (Nil)	<b>23,462,082</b> (23,462,082)	
iii) Reimbursement of expenses paid	<b>16,970</b> (7,170)	<b>2,550</b> (6,453)	
iv) Services received (including service tax)	<b>57,086</b> (Nil)	<b>51,377</b> (Nil)	
v) Payroll Processing Fees (including service tax)	<b>Nil</b> (49,635)		
vi) Advance given to SSC	<b>Nil</b> (350,121)		
vii) Advance Adjusted	<b>Nil</b> (1,952,191)		
viii) Term Loan Received	- (148,761,527)	<b>1,598,761,526</b> (1,598,761,527)	
ix) Interest expenses	<b>189,858,407</b> (165,816,205)	<b>171,345,625</b> (473,058)	
<b>L&amp;T Commercial Projects Private Limited (Fellow subsidiary)</b>			
i) Short term advance (Refer note O 9(c))	<b>16,967,142</b> (Nil)		<b>Nil</b> (16,967,142)
<b>L&amp;T General Insurance Company Limited (fellow subsidiary)</b>			
i) Insurance cover taken	<b>576,978</b> (447,012)		
<b>L&amp;T Infrastructure Development Projects Limited (fellow subsidiary)</b>			
i) Business Support service	<b>Nil</b> (149,075)	<b>Nil</b> (134,167)	
<b>Arun Excello Urban Infrastructure Private Limited (controlling interest)</b>			
i) Unsecured loan repaid	<b>Nil</b> (163,859,000)	<b>Nil</b> (Nil)	
<b>L&amp;T Arun Excello Realty Private Limited (Associate)</b>			
i) Repayment of expenses to	<b>Nil</b> (8,844,944)	<b>Nil</b> (Nil)	
ii) Sale of Land to	<b>Nil</b> (5,538,911)	<b>Nil</b> (Nil)	

(Figures in brackets relate to previous year)

- C. Unsecured short term advance of ₹ 16,967,142, due from L&T Commercial Projects Private Limited has been written off during the year.  
(Previous year Nil)

## NOTES FORMING PARTS OF ACCOUNTS (Contd.)

- D. The holding company L&T Urban Infrastructure Limited has waived
- (i) the inter-corporate deposits (ICD) of ₹ 21,09,00,000 (*Previous year ₹ Nil*) and
  - (ii) interest on ICD of ₹ 5,02,79,092- (*Previous year ₹ Nil*).

0(12) The Company has not taken any assets on finance lease or operating lease. Hence reporting on disclosure under Accounting Standard 19 does not arise in Current year (*Previous year Nil*)

0(13) Disclosure pursuant to Accounting Standard (AS) 20 "Earnings Per Share"

### Basic and Diluted Earnings per share (EPS) :

Particulars		2012-13	2011-12
		₹	₹
Basic and Diluted			
Loss after tax as per accounts (₹)	A	<b>(412,752,836)</b>	(301,548,198)
Weighted average number of shares outstanding	B	<b>18,367,347</b>	18,367,347
Basic / Diluted EPS (₹)	A/B	<b>(22.47)</b>	(16.42)
Face value per equity share (₹)		<b>10.00</b>	10.00

0(14) Pursuant to Accounting Standard (AS 22) Accounting for Taxes on Income details of deferred tax liabilities and assets are given below:

Particulars	Deferred tax liability as at March 31, 2013	Charged to Statement of Profit & Loss	Deferred tax liability as at March 31, 2012
Deferred tax liabilities:			
Difference between book and tax depreciation	92,991,392	21,573,150	71,418,242
Less: Deferred tax assets	-	-	-
Net deferred tax liabilities	92,991,392	21,573,150	71,418,242

Deferred tax asset on unabsorbed depreciation and business loss has not been recognised as a measure of prudence.

0(15) Disclosure pursuant to Accounting Standard (AS) 28 "Impairment of Assets"

The estimated recoverable amount of fixed assets (including capital work-in-progress) has been assessed by the Company to be less than the carrying amount of its assets as at March 31, 2013. Accordingly, a provision for impairment of ₹ 32,79,69,456 (*Previous year ₹ Nil*) has been made in proportion to the net book value of respective assets as at March 31, 2013 except land.

0(16) The Company has entered into a Memorandum of Understanding with L&T Commercial Projects Private Limited on 27th November 2012 for future development of common infrastructure at an estimated cost of ₹ 1.50 crore and the expenses to be shared in the ratio of 60: 40 respectively. However, the work is yet to commence.

### 0(17) Previous year figures

The Company has reclassified / regrouped the previous year figures to conform to this year's classification.

As per our report attached

For and on behalf of the Board

### For SHARP & TANNAN

Chartered Accountants  
(Firm's Registration No. 003792S)

V. R. LALITHA  
Partner  
Membership No.: 18284

S. N. PATIL  
Manager

U. C. RATH  
Director

B. RAMAKRISHNAN  
Director

Place : Chennai  
Date : May 21, 2013

Place : Mumbai / Chennai  
Date : May 20, 2013